

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Response	Implementation Date
1	23	The Department of Corrections should expand its monitoring process for privately operated facilities to ensure that complete and accurate documentation is maintained to support all activity in inmate bank accounts.	Agree	6/30/2004
2	26	The Department of Health Care Policy and Financing should ensure that the accounts receivable balance for Medicaid Management Information System (MMIS) receivables is routinely reconciled to the subsidiary ledger balance in the MMIS system and perform appropriate and timely follow-up on those cases where provider overpayments cannot be recouped through MMIS.	Agree	6/30/2004
3	29	The State Historical Society should properly record revenue for TABOR reporting purposes.	Agree	6/30/2004
4	31	CollegeInvest should work with the State Controller's Office to resolve discrepancies between the Statement of Cash Flows prepared by CollegeInvest and by the State Controller's Office by (a) determining what additional accounts need to be created on the CollegeInvest accounting system to facilitate the mapping of accounts to COFRS; (b) utilizing the new accounts in the development of the Statement of Cash Flows; (c) testing the procedures by preparing and reconciling the Statement of Cash Flows for an interim period agreed upon with the State Controller's Office; and (d) upon resolution of discrepancies, document the procedures that should be used to prepare the Statement of Cash Flows, including information on how accounts map to COFRS.	Agree	12/31/2003
5	36	The Department of Human Services should strengthen overall accounting controls by (a) providing ongoing staff training in critical areas including accounting-related statutory requirements and legal obligations, (b) establishing written procedures for all basic accounting functions and requiring that adequate documentation be maintained for all entries, (c) implementing the appropriate level of supervisory review over all accounting activities, and (d) reviewing all programs to ensure that the expenditures are properly recorded in compliance with spending authority.	Agree	10/2004

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6	40	The Department of Human Services should adhere to state statutes regarding expenditure of funds by (a) ensuring staff are sufficiently familiar with statutory requirements related to departmental programs, (b) charging expenditures to the proper appropriation code and reviewing entries to the State's accounting system for unusual activity, (c) reimbursing excess Title IV-E funds due to the counties but used by the Department for non-Title IV-E purposes in prior fiscal years, (d) requesting supplemental appropriations from the Joint Budget Committee for Title IV-E related expenditures exceeding the original base appropriation in future years, and (e) notifying the State Controller when an overexpenditure occurs.	Agree	3/2004
7	44	The Department of Human Services should improve controls over capital assets by (a) ensuring that retainage payable accounts are reconciled at fiscal year-end and that required adjusting entries are made to year-end balances; (b) transferring costs for completed capital construction projects to appropriate asset accounts prior to year-end close; (c) notifying the Office of the State Auditor in advance of physical inventories conducted after March 31 but prior to June 30, investigating all discrepancies, and making adjustments on COFRS as appropriate; (d) revising existing capital asset reconciliation procedures to state that reconciliations be prepared through fiscal year-end and list all the balances to be reconciled, and requiring all Department agencies to perform capital asset reconciliations timely and accurately and in accordance with Department policies; (e) maintaining adequate supporting documentation for capital lease entries recorded on COFRS; and (f) requesting federal reimbursement of outstanding construction expenditures at the Fitzsimons State Veterans Nursing Home project on a timely basis.	Agree	a. 7/2004 b. 7/2004 c. 7/2004 d. 7/2004 e. 4/2004 f. 3/31/2004
8	48	The Department of Human Services should improve controls over the preparation of exhibits to increase the accuracy of information submitted to the State Controller's Office and to lessen staff time required to correct and revise exhibits by (a) developing and conducting training prior to year-end for staff preparing exhibits and (b) instituting a secondary review process over all exhibits to ensure their accuracy prior to submission.	Agree	9/2004
9	49	The Department of Human Services should improve payroll controls by (a) monitoring time sheets to ensure they are dated by both the employee and the supervisor and (b) establishing a time frame during which time sheets must be certified by the employee and supervisor and requiring that certifications be dated.	Agree	3/2004
10	54	The Office of the Child's Representative should process attorney payments in accordance with its policy.	Agree	10/15/2003

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11	57	The Department of Labor and Employment should improve controls over federal expenditure and revenue reporting by implementing a periodic reconciliation process to identify and resolve discrepancies found between the Financial Accounting and Reporting System and COFRS in a timely manner.	Agree	6/30/2004
12	59	The Department of Labor and Employment should improve controls over accounts receivable in the Petroleum Storage Tank Fund by (a) establishing procedures for periodically reviewing aging analysis reports to identify delinquent accounts and submitting accounts 30 days past due to Central Collections and (b) obtaining verification of the owner name and address during the annual inspections and ensuring changes to the Department's records are made as needed.	Agree	12/31/2004
13	62	The Department of Military and Veterans Affairs should improve its controls over the Tuition Assistance Office by establishing a supervisory review over the identification and calculation of accounts receivable for the tuition refunds owed to the State.	Agree	1/1/2004
14	68	The Department of Natural Resources should improve controls over capital assets and ensure assets are recorded accurately on the State's accounting system by (a) entering all Fiscal Year 2003 adjustments to capital assets as needed; (b) requiring divisions to submit inventory adjustments, including adequate documentation, to the Department within a reasonable time after an asset is added or deleted, reviewing the documentation for completeness, and following up as appropriate; (c) ensuring adjustments made when revising capitalization thresholds are accurate; (d) recording depreciation and adjusting the remaining useful lives of capital assets in accordance with generally accepted accounting principles when changing the estimated useful lives of assets; (e) completing periodic reconciliations between the internal database of capital assets and the State's accounting system and making adjustments in a timely manner; and (f) implementing independent review procedures over the reconciliation process.	a. Agree b. Agree c. Agree d. Partially agree e. Agree f. Agree	a. 1/2004 b. 6/2004 c. 2/2004 d. 3/2004 e. 1/2004 f. 4/2004

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15	74	The Division of Minerals and Geology should improve its controls over reclamation deposits held in custody by (a) ensuring that confirmation forms used for certificates of deposit held by financial institutions include all necessary information; (b) developing and implementing procedures to identify and resolve all exceptions related to certificates of deposit between internal records and information reported by financial institutions; (c) enforcing its policy stating that no interest shall accrue on reclamation deposits held by financial institutions by working with the operators and financial institutions, or changing its policy; (d) establishing and implementing adequate segregation of duties between individuals who maintain records of reclamation deposits and individuals authorized to withdraw these deposits from Treasury; (e) ensuring that receipts for reclamation deposits with Treasury are safeguarded and that withdrawals of items and the related adjustments to the Division's internal listings are completed timely and accurately; and (f) reconciling internal records on reclamation deposits held at Treasury to the State's accounting system and Treasury's records, and implementing independent review procedures over these reconciliations in a timely manner.	Agree	a. 5/2004 b. 6/2005 c. 8/2004 d. 12/2003 e. 1/2004 f. 1/2004
16	79	The Water Conservation Board should improve its monitoring of borrowers' compliance with the liability insurance requirements by (a) extending testwork to review all the outstanding loan files to identify instances in which the borrower does not meet insurance requirements and following up to ensure compliance, (b) utilizing Access database reporting capabilities to monitor liability insurance expiration dates by borrowers on a monthly basis, and (c) developing procedures for following up in a timely manner with all borrowers who are delinquent in meeting insurance requirements.	Agree	6/2004
17	83	The Department of Personnel and Administration should ensure that withholding information documented in employee payroll files is accurately recorded in the Colorado Personnel Payroll System.	Agree	Implemented
18	84	The State Fleet Management program should implement year-end physical inventory procedures that include (a) performing physical inventories of all capital assets and (b) comparing the results of the physical inventories with the Colorado Automotive Reporting System and the State's accounting system.	Agree	7/2004
19	91	The Department of Public Health and Environment should evaluate the administrative expenditures for the Colorado Children's Trust Fund and reduce them as appropriate to eliminate the deficit spending for the program.	Partially agree	3/2004

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20	92	The Department of Public Health and Environment should reimburse the Colorado Children's Trust Fund for the Prevention and Intervention Services for Children and Youth Division retirement payouts charged to the program.	Disagree	N/A
21	96	The Department of Regulatory Agencies should record revenue in accordance with generally accepted accounting principles. If proper revenue recognition results in excess fund balance, comply with SB 98-194 requirements by either reducing fees or requesting a waiver in accordance with Section 24-75-402 (8), C.R.S.	Partially agree	7/1/2004
22	101	The Department of Revenue's Tax Conferee Section should incorporate the most recent years' historical collection and refund claims payments information in its fiscal year-end estimating process.	Agree	6/30/2004
23	101	The Department of Revenue should cross train staff and have adequate written procedures for data retrieval in place to ensure that access to information is not compromised by employee turnover.	Agree	6/30/2004
24	104	The Office of the State Treasurer should adjust the Fiscal Year 2004 allocations to counties to correct the Fiscal Year 2003 error related to vehicle registration data and implement review procedures over Highway Users Tax Funds distributions to ensure that the amounts are calculated correctly before issuing the payments to State agencies and local governments.	Agree	9/2004
25	113	The Department of Transportation should implement a secure program to track and reconcile its credit card purchases.	Agree	9/2004
26	113	The Department of Transportation should secure off-site data processing capabilities for use in the event a disaster occurs that renders current data processing functions partially or fully inoperable.	Partially agree	9/2004

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27	117	The Department of Health Care Policy and Financing should improve oversight of Medicaid eligibility data contained in the Client Oriented Information Network (COIN) and Colorado Trails systems to ensure that benefits are paid only to individuals eligible for the Medicaid programs by (a) initiating and completing targeted pilot reviews on a timely basis, (b) establishing procedures to ensure that COIN is updated accurately to reflect the date of death for all beneficiaries, (c) performing random testing of eligibility information included in the COIN and Trails systems compared with information in individuals' files, and (d) performing recoupment more frequently than once a year for payments made on behalf of individuals not eligible for Medicaid.	Agree	a. 12/2003 b. 6/30/2005 c. 7/2004 d. 7/2004
28	120	The Department of Health Care Policy and Financing should ensure payments are made only for allowable costs under the Medicaid program by continuing its internal reviews for prescription drug claims to ensure payments are made for properly supported drug claims.	Agree	Ongoing
29	121	The Department of Health Care Policy and Financing should continue to improve controls over provider eligibility by (a) continuing to monitor the fiscal agent's review of all provider files to ensure each file includes a current provider agreement and documentation of applicable provider licenses and registrations and (b) developing procedures to ensure provider licensing information is updated on an annual basis to ensure its accuracy for changes that occur throughout a given year.	Agree	a. 7/1/2004 b. Ongoing
30	123	The Department of Health Care Policy and Financing should work with the Colorado Office of the State Treasurer to determine the appropriate funding technique that should be used for the State's Medicaid program under the Cash Management Improvement Act (CMIA) and update the Treasury-State CMIA Agreement as deemed appropriate.	Agree	6/30/2004
31	128	The University of Colorado at Denver should report the questioned costs identified in the Internal Audit Department's report to the appropriate federal sponsors and refund the amounts owed.	Agree	10/31/2003
32	129	The University of Colorado at Denver should establish adequate controls over sponsored programs by (a) conducting a comprehensive review of its sponsored program processes, controls, and competencies; (b) clearly identifying respective responsibilities, authorities, and procedures that will fully comply with federal and state requirements, and developing guidance that reflects the same; and (c) conducting training to ensure all parties involved in sponsored program financial compliance are adequately equipped to carry out their responsibilities.	Agree	a. 6/30/2004 b. 10/31/2003 c. 6/30/2004

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33	132	Colorado State University should ensure cash management requirements are adhered to by (a) ensuring the request-for-funds function is assigned to someone familiar with cash management compliance requirements; (b) implementing a formal secondary review by a person that did not directly prepare the draw; (c) considering a cursory review by the Office of Sponsored Programs (OSP), for those programs that are not already drawn or billed by OSP, to ensure cash management compliance; and (d) designating a knowledgeable person or group to monitor interest earned on the advancement of federal funds to ensure that interest earned is remitted to the appropriate federal agency.	Agree	9/2004
34	134	Colorado State University should include a standard clause in all cooperator and vendor agreements or obtain a separate certification from the vendors and cooperators stating that the cooperator/vendor is not suspended or debarred from federal procurement and nonprocurement programs.	Agree	6/2004
35	136	Colorado State University should comply with subrecipient monitoring compliance requirements for research and development grants by (a) developing a formal policy requiring subrecipients to take timely and appropriate corrective action on all audit findings, (b) requiring proper follow-up procedures to be performed to ensure the corrective action plan was properly adhered to by the subrecipient reporting significant noncompliance findings, and (c) incorporating procedures into the policy regarding the monitoring of subrecipients not subject to OMB Circular A-133 audits.	Agree	6/2004
36	137	Colorado State University should strengthen controls over subrecipient monitoring for the Cooperative Forestry Assistance award program by (a) obtaining A-133 reports for all subrecipients and established follow-up procedures to ensure the proposed corrective action plan is adhered to by the subrecipients and (b) including in subrecipient agreements all necessary compliance elements, including the title of the award and the federal awarding agency, the CFDA number, and the need for the subrecipient to follow OMB Circular A-133 requirements.	Agree	6/2004
37	139	Colorado State University (CSU) should establish procedures to ensure that the withdrawal dates of students who withdraw from CSU without providing notification are determined by 30 days after the end of the payment period or academic year from which the students withdrew, whichever is earlier. Also, these procedures should ensure proper return of Title IV funds.	Agree	5/2004

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38	141	Colorado State University should establish procedures to ensure that cost of attendances that have been manually changed prior to receiving data corrections from the Central Processing System are examined to ensure appropriateness.	Agree	Implemented
39	142	Colorado State University should implement procedures to ensure that documentation is maintained to substantiate its compliance with exit counseling requirements.	Agree	5/2004
40	143	Colorado State University should implement procedures to ensure that all elements of the Fiscal Operations Report and Application to Participate are accurate.	Agree	9/2004
41	145	Colorado State University should strengthen controls over cash management and expenditures for the Cooperative Forestry Assistance grant by (a) performing a detailed review, on a test basis, of expenses submitted to monitor payments made to subrecipients, as approved by field offices, to ensure that allowable expenses are submitted for reimbursement, consistent documentation is provided, and procedures for reviewing allowability at the field office level are performed accurately; (b) approving payments only to subrecipients for actual costs incurred rather than estimated costs to be incurred; (c) comparing the maximum allowable contract amount to total amounts expended and documenting any variances or amended funding levels on a project basis when the payments are approved; (d) maintaining a roll-forward of the total amounts eligible and amounts available to ensure the subrecipient has met the required matching contribution; and (e) having requests for reimbursement reviewed by an individual at least one level higher than the person preparing the request prior to submission to the granting agency.	Agree	6/2004
42	147	Colorado State University should reconcile the following, on a grant by grant basis, within the fiscal year as well as the life of the grants: the amounts drawn from the federal agency, the amounts reported as federal expenditures and revenue in the general ledger, and the amounts reported on the Exhibit K.	Agree	6/2004
43	147	Colorado State University should establish procedures to review all grant agreements upon initiation and implement the necessary processes to ensure compliance with reporting and other applicable requirements. An individual should be assigned responsibility for completing required reports timely, and a secondary review of the report should be performed by another individual knowledgeable of the program prior to submission.	Agree	6/2004

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44	149	Adams State College should improve its procedures and controls over student financial aid reporting and eligibility by ensuring that the Fiscal Operations Report and Application to Participate report is prepared and filed on a timely basis and contains accurate data that agrees with accounting and financial aid records.	Agree	6/2004
45	152	Colorado Community College System should ensure Arapahoe Community College establishes procedures to ensure that carryforward balances are disbursed prior to disbursing current year allocations, and ensure that it has reimbursed the U.S. Department of Education for the difference between the earnings that the excess cash balance would have yielded if invested under the applicable current value of funds rate and the actual interest earned on that balance.	Agree	6/2004
46	154	Colorado Community College System should ensure Community College of Denver establishes procedures to ensure that all required data elements are verified, all required verification worksheet sections are completed and appropriately signed, all required documents are received, and assigned budgets correspond with verified data.	Agree	6/2004
47	155	Colorado Community College System should ensure Front Range Community College and Community College of Denver establish procedures to ensure that enrollment dates are reported correctly in the Pell reporting process.	Agree	6/2004
48	156	Colorado Community College System should ensure Trinidad State Junior College establishes procedures to ensure that Pell disbursements are reported within 30 days after making payment to students.	Agree	6/2004
49	157	Colorado Community College System should ensure Front Range Community College and Community College of Denver establish procedures to ensure that Verification Status Codes are reported correctly in the Pell reporting process.	Agree	6/2004
50	158	Colorado Community College System should ensure Community College of Denver establishes procedures to ensure that the proper Title IV funds are included in the return of Title IV funds calculations.	Agree	6/2004

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51	159	Colorado Community College System should ensure Community College of Denver, Front Range Community College, Trinidad State Junior College, and Pueblo Community College establish procedures to ensure that the institution's portion of a student's unearned Title IV funds are returned within 30 days after the school has determined a student has withdrawn.	Agree	6/2004
52	161	Colorado Community College System should ensure Trinidad State Junior College, Pueblo Community College, and Community College of Denver establish procedures to ensure that the withdrawal dates of students who withdraw without providing notification are determined by 30 days after the end of the term, at the latest.	Agree	6/2004
53	162	Colorado Community College System should ensure Pueblo Community College establishes procedures to ensure that students are not requested to repay grant overpayments that are originally less than \$25.	Agree	6/2004
54	163	Colorado Community College System should ensure Pueblo Community College establishes procedures to ensure that students are allowed the 45-day period of extended eligibility before they are reported to the National Student Loan Data System if they do not take positive action regarding their grant overpayments during the 45 days.	Agree	6/2004
55	165	Colorado Community College System should ensure Arapahoe Community College establishes procedures to ensure that amounts that could have been disbursed are properly accounted for in return of Title IV funds calculations.	Agree	9/1/2003
56	166	Colorado Community College System should ensure Trinidad State Junior College implements procedures such that cash drawdowns are conducted routinely, and that bank reconciliations are reviewed by the appropriate supervisor and documentation of the review is affixed to the reconciliation. The supervisory review should include clerical testing of the reconciliations, as well as follow-up procedures to ensure all unreconciled items are investigated and resolved.	Agree	6/2004

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57	169	The Colorado Community College System should work with the community colleges and the U.S. Department of Education to evaluate Pell Grant assistance to students in the Agriculture Business Management (ABM) and the Small Business Management (SBM) programs by verifying that documentation exists to show that students who enrolled in the ABM or SBM program and received federal financial aid attended a lecture class, received one-on-one instruction, or performed cooperative education hours. For those students for whom documentation does not exist, the System should work with the community colleges to reimburse the federal government for excess amounts claimed.	Partially agree	1/2004
58	171	The Colorado School of Mines should develop subrecipient monitoring documentation policies and procedures to help ensure that subrecipient files are properly maintained and provide documentation for the monitoring that has occurred.	Agree	6/2004
59	172	The Colorado School of Mines should follow its policies and procedures to help ensure close-out procedures are documented for each project completed to prevent erroneous expenses being charged to these projects and help ensure compliance with applicable laws and regulations.	Agree	Implemented
60	173	The Colorado School of Mines should develop policies and procedures to help ensure that all communications with the National Student Loan Data System are complete, accurate, and timely.	Agree	6/2004
61	176	The Colorado Student Loan Program should continue to ensure that adequate controls are in place over default aversion fees by ensuring that all data on consolidated loans converted to the mainframe guarantee system are adequately tested to avoid unforeseen problems and impacts on the mainframe system.	Agree	12/2003
62	178	The Colorado Student Loan Program should continue to follow established procedures to monitor the Federal Fund with emphasis on (a) determining the adequacy of funding to maintain required reserves and taking timely action, such as charging other allowable fees and investigating other solutions, to address potential problems by means other than using the Operating Fund to subsidize the Federal Fund; and (b) contingent upon establishing adequate funding and reserves for the Federal Fund, making transfers of default aversion fees to the Operating Fund as permitted under the federal Higher Education Act.	a. Partially agree b. Disagree	a. 7/1/2004 b. N/A

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63	181	CollegeInvest should adopt a policy requiring that certain safeguards be in place for changes in interpretations of the federal regulations prior to implementation. The policy should include (a) requiring that adequate research be performed and written documentation obtained such as opinions from third-party consultants to support the interpretation and (b) obtaining formal documented approval from management and the Board of Directors on new interpretations and procedures.	Partially agree	2/2004
64	182	CollegeInvest should strengthen internal controls and minimize the risk of errors by implementing a policy that requires changes/transfers of groups of loans within each of the existing bond indentures or any new Bond IDs created or changed be in writing and approved at a higher level within management than the employee requesting the change.	Agree	2/2004
65	186	The Department of Human Services should ensure that adequate controls over fraud and abuse in the Temporary Assistance for Needy Families program are in place at the counties by (a) requiring counties to annually submit policies and procedures to safeguard against program fraud and abuse by a specified date, (b) reviewing these standards and procedures for compliance to the State Plan and providing timely feedback to the counties as needed, and (c) monitoring for counties' compliance with the policies and procedures during on-site visits to counties.	Agree	6/30/2004
66	189	The Department of Human Services should improve its oversight of the Adoption Assistance program by (a) scheduling and performing reviews throughout the fiscal year, (b) establishing a set time frame for furnishing feedback to the counties, and (c) providing timely feedback to counties of issues identified in program reviews.	Agree	1/2004
67	193	The Division of Child Support Enforcement should develop policies and procedures regarding the automatic issuance of administrative liens for all incarcerated noncustodial parents with a child support order.	Agree	12/31/2003

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68	194	The Division of Child Support Enforcement should develop a system to actively monitor case closures by (a) developing a method to review closed cases involving incarcerated noncustodial parents on a continual basis; (b) requiring its Monitoring Unit to review closed child support cases involving an incarcerated noncustodial parent; (c) reopening any improperly closed cases immediately and ensure an administrative lien is issued, if appropriate; (d) providing additional training to ensure that all counties are aware of the case closure requirements for cases with incarcerated noncustodial parents; and (e) taking steps to ensure counties comply with state and federal rules regarding case closures for incarcerated noncustodial parents.	Agree	a. 6/2003 b. 6/2003 c. 6/2003 d. 12/31/2003 e. 6/2003
69	201	The Department of Human Services should work with the federal Centers for Medicare and Medicaid Services to determine if its current Medicaid billing policy in relation to Veterans Affairs per diem payments is appropriate and allowable.	Agree	6/2004
70	202	The Department of Human Services should implement a formal procedure for consulting with and receiving approval from the Department of Health Care Policy and Financing for policy changes that affect billings to the Medicaid program.	Agree	12/2003
71	203	The Department of Human Services should review the effect of the current Veterans Affairs per diem policy on Medicaid residents and non-Medicaid, private-pay residents and ensure that any inconsistencies caused by policy changes are eliminated.	Agree	6/2004
72	203	The Department of Health Care Policy and Financing should address gaps in current nursing facility audit practices by developing analytical tools and procedures to identify significant changes in reimbursements received by providers and investigate these instances as appropriate.	Agree	3/2004
73	214	The Department of Labor and Employment should improve controls over the use of Workforce Investment Act (WIA) funds by working with the regions to ensure that limited funds are used effectively in compliance with WIA requirements and to promote achievement of WIA's goals by (a) revising policies on training and supportive services to provide additional guidance to the regions in determining and documenting the need for such services in each case and (b) ensuring that regions adopt policies and practices consistent with the Department's additional guidance through its monitoring efforts.	Agree	a. 12/31/2003 b. 6/2004

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74	218	The Department of Labor and Employment should clarify the circumstances under which funds can be considered limited for purposes of offering priority of service to low-income clients in the Adult program by (a) developing criteria to help the regions determine the availability of funds, (b) working with the regions to expand and clarify regional policies to be consistent with the Department's criteria and to contain specific criteria for determining funds availability, and (c) ensuring that the regions maintain priority systems for low-income clients in the Adult program unless the regions demonstrate that funds are not limited in accordance with state and local criteria.	a. Disagree b. Agree c. Agree	a. N/A b. 12/31/2003 c. 6/2004
75	222	The Department of Labor and Employment should improve its compliance monitoring process by (a) collecting and analyzing information on all subregions for use in risk-based monitoring, (b) ensuring that all discretionary grants provided to the regions and subregions are monitored by the state field representatives in their annual monitoring visits to the regions, and (c) promoting consistency in monitoring by formalizing procedures in written guidance and training for the state field representatives.	a. Disagree b. Agree c. Agree	a. N/A b. 6/2004 c. 12/31/2003
76	226	The Office of the State Treasurer should review and evaluate the reasonableness of the clearance patterns for payments issued by the State, given the change in financial institutions during Fiscal Year 2003.	Agree	9/2004
